

Workers & Families

CPF

Discussion Brief 2020-6



CPF Discussion Briefs exist to stimulate debate. They do not necessarily represent the views of the Conservative Party.



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Dear Colleagues,

2020-6 Workers & Families

Thank you to everybody who participated in our consultation on infrastructure, investment and devolution. If you have not already seen the public summary of our consultation on the [environment and animal welfare](#), then do take a look at our website. As usual, a more detailed summary was sent to the relevant Party and Government leaders.

This discussion paper continues our series considering the Government's programme for legislation, as presented in last December's Queen's Speech, by exploring another of its major sections—namely, workers and families. If you missed the formal response from the Party Chairman to our original consultation on the [Queen's Speech](#), you can again find this on our website.

Please send your responses to the questions in this paper to CPF.Papers@conservatives.com, using the associated response form published alongside the paper on the CPF website. The deadline for submitting your response is 25th October. We aim to publish our next discussion paper on 26th October, on public services.

A summary of responses to this consultation paper will be sent to the Prime Minister's Policy Unit, relevant Ministers, Party Chairman and CPF Chairman within a month of the closing date for submissions. We look forward to hearing your ideas as, together, we continue to unleash the country's potential.

Kind regards,

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The Big Picture

"As Work and Pensions Secretary, my role is to support people throughout their lives, from helping with childcare costs to supporting low income workers, or those who have lost their jobs to get back into work, to providing for those in their retirement and also helping to educate people about the importance of saving for later life."

(Secretary of State for Work and Pensions, The Rt Hon Thérèse Coffey MP)¹

Earlier this year, unemployment had fallen by more than half under the Conservatives and had reached its lowest level since 1974—a record low of 3.9%.² The proportion of workless households had reached a record low of 13.1% and fewer children than ever before were living in a workless home—just 8.8%, down from 16.2% in 2010.³ The proportion of low-paid employee jobs had fallen to 16.2% on an hourly earnings basis and to 26.6% on a weekly earnings basis—the lowest levels since records began.⁴ Across the UK, almost all employees (99%) had a contract they were satisfied with. Women were more likely than men to be employed in low-pay jobs (8% compared with 6%), but they were also more likely to be in “quality work” (69% compared with 65%).⁵

In response to COVID-19 and the national lockdown, the Government adopted unprecedented measures to protect jobs and support businesses, costing over £192 billion. Nevertheless, the Office for Budget Responsibility expects that unemployment could reach a new peak of 9.7-13.2% by the end of 2020 or the start of next year.⁶ The Office for National Statistics also notes that “individual job security perceptions have fallen drastically across all industries.”⁷

The latest figures show that proportion of people in the UK who experience persistent poverty—that is, relative low income both in the current year and at least two out of the three preceding years—was 3.5 percentage points lower than the average of our neighbours in the European Union and is the eighth lowest in the EU: just 7.8%, equivalent to roughly 4.7 million people, compared with an average rate of 11.3% across the EU28.⁸ The proportion of people in absolute poverty, before and after housing costs, is at its lowest since 2010 and real net disposable income, adjusted for inflation, has risen by 8% (£35 per week), meaning more money in people’s pockets.⁹

The majority of people (75%) believe that the government should top-up the income of those who are in work and living in poverty.¹⁰ “In-work progression” is the name for the Government’s plan to encourage and support people who are already in work and claiming Universal Credit to increase their pay, through more hours, or to get a better paying job. It has been described as “potentially the most significant welfare reform since 1948.”¹¹

Between 2015 and 2018, the Government conducted a randomised control trial of in-work progression programmes. External evaluation concluded that “those receiving more intensive support were able to build some of the necessary foundations to support future earnings progression.” In addition, qualitative research found that “the extent to which the intervention was tailored to the needs of the participant was often central to achieving positive progression outcomes.”¹²

Questions for discussion

1. In what ways has the Government’s response to COVID-19 affected your attitude to welfare?
2. How should Government determine the appropriate level of spending on benefits at both an individual and national level?
3. What barriers exist to in-work progression for low-income workers, including parents (and mothers in particular) and how might Government help to break these down?
4. How might Government better support in-work progression?
5. How might Government better promote financial security and stability?
6. Is there any other observation you would like to make?

The Queen's Speech

The Queen's Speech¹³ set out a variety of measures to support workers and families:

- An **Employment Bill** will enhance workers' rights, supporting flexible working, extending unpaid carers' entitlement to leave and ensure workers keep their hard-earned tips.
- A **Renters' Reform Bill** will enhance renters' security and improve protections for short-term tenants by abolishing "no-fault" evictions and introducing a lifetime deposit.
- To ensure residents are safe in their homes, we will bring forward measures to implement the most urgent recommendations from the first phase of the Grenfell Tower Public Inquiry. We will also publish a draft **Building Safety Bill** to implement the recommendations of Dame Judith Hackitt's review of building regulations.
- Recognising our commitment to making the UK the safest place to be online, we will continue to develop an **Online Harms Bill**.
- The **Pension Schemes Bill** will enable people to better plan their saving for later life and improve the protection of people's pensions, strengthening the regulator's powers to tackle irresponsible management of pension schemes.
- We will reduce the cost of living, including through increases to the **National Insurance threshold** and the **National Living Wage**.
- We will take steps to support home ownership, including by making homes available at a discount for **local first-time buyers**.
- We will publish a **National Strategy for Disabled People** to ensure disabled people can lead a life of opportunity and fulfilment.

Recent government action

- **Helping over 1,000 people into work every day since 2010**, meaning over 3.9 million more people have the security of bringing home a regular pay packet. Prior to lockdown, the number of young people who were unemployed had almost halved since 2010.²
- Supporting jobs, businesses and incomes through the lockdown with a world-leading **package worth £192 billion**, helping to pay people's wages, providing grants to small businesses and loans to companies, among other measures such as tax deferrals and an increased safety net for people receiving Universal Credit and Working Tax Credit.¹⁴
- Incentivising employers who successfully bring furloughed staff back through a new **Jobs Retention Bonus Scheme**: a one-off payment of £1,000 to businesses for every employee who was furloughed previously and who is successfully kept on continuously until January.¹⁴
- Creating hundreds of thousands of new jobs for young people through a new £2 billion **Kickstart Scheme** to give young people the best possible chance of getting a job. The scheme will directly pay businesses to create new, decent and high-quality jobs for any 16-24-year-old at risk of long-term unemployment.¹⁵
- Investing £1.6 billion in scaling up **employment support schemes, training** and **apprenticeships** to help people looking for a job; includes tripling the number of **traineeship** places in 2020-21 and increasing the eligibility of the scheme to provide work experience placements, training and work preparation for 16-24 year olds.¹⁵
- Reducing the overall burden of **business rates** and raising the **Employment Allowance**, giving a half-a-billion pound tax cut for small business.¹⁶
- Giving the **National Living Wage** its largest ever cash boost in April—equivalent to an annual pay rise of £930 for a full-time worker—giving nearly 3 million people a well-earned pay rise.¹⁷

Endnotes

- ¹ *Taking action on climate risk: Improving governance and reporting by occupational pension schemes*, Department for Work and Pensions, 26 August 2020, [link](#)
- ² *Labour market overview, UK: August 2020*, Office for National Statistics, 11 August 2020, [link](#)
- ³ *Working and workless households in the UK: April to June 2020*, Office for National Statistics, 4 March 2020, [link](#)
- ⁴ *Low and high pay in the UK: 2019*, Office for National Statistics, 29 October 2019, [link](#)
- ⁵ *Job quality indicators in the UK – hours, pay and contracts: 2018*, Office for National Statistics, 4 December 2019, [link](#)
- ⁶ *Coronavirus analysis*, Office for Budget Responsibility, 14 July 2020, [link](#)
- ⁷ *Labour market overview, UK: June 2020*, Office for National Statistics, 16 June 2020, [link](#)
- ⁸ *Persistent poverty in the UK and EU: 2017*, Office for National Statistics, 6 June 2019, [link](#)
- ⁹ *Households Below Average Income: An analysis of the UK income distribution: 1994/95 – 2018/19*, Department for Work and Pensions, 26 March 2020, [link](#)
- ¹⁰ *Public attitudes towards social mobility and in-work poverty*, Social Mobility Commission, 24 June 2013, [link](#)
- ¹¹ *In-work progression in Universal Credit*, Work and Pensions Committee, 6 May 2016, [link](#)
- ¹² *Universal Credit: in-work progression randomised controlled trial*, Department for Work and Pensions, 11 October 2019, [link](#)
- ¹³ *The Queen's Speech 2019*, Prime Minister's Office, 19 December 2019, [link](#)
- ¹⁴ *A Plan for Jobs 2020*, HM Treasury, 8 July 2020, [link](#)
- ¹⁵ *Chancellor's Plan for Jobs to help the UK's recovery*, HM Treasury, 8 July 2020, [link](#)
- ¹⁶ *Budget 2020*, HM Treasury, 11 March 2020, [link](#)
- ¹⁷ *Government announces pay rise for 2.8 million people*, HM Treasury, 31 December 2019, [link](#)